

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2256 - HB 2394

January 30, 2012

SUMMARY OF BILL: Extends the reduced registration fee of \$1.25 to motor vehicles operated by governmental units as bailee or lessee as well as motor vehicles owned and operated by governmental units, or for private or volunteer fire department units when exclusively used for governmental and fire protection purposes.

ESTIMATED FISCAL IMPACT:

**Decrease State Revenue - \$300/FY12-13
\$400/FY13-14 and Subsequent Years**

Decrease Local Revenue - \$400/FY12-13 and Subsequent Years

Other Fiscal Impact – There will be a combined decrease in expenditures for state and local governments equal to approximately \$700 in FY12-13 and approximately \$800 in FY13-14 and subsequent years. A breakdown of expenditure savings between state and local governments cannot be determined. However, the combined decreases in revenue for state and local governments will be offset by the combined decreases in expenditures for state and local governments.

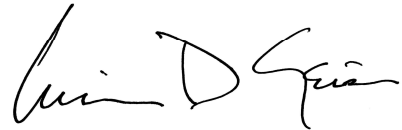
Assumptions:

- According to the Department of Revenue (DOR), there are currently about 15 governmental vehicles which are leased that have regular registrations and plates. Under this bill, these vehicles will become eligible for the one-time registration fee of \$1.25.
- Under current law, DOR indicates the average registration fee to the state for these vehicles is approximately \$24 per year; the average registration fee to local governments is approximately \$27 per year.
- The decrease in state revenue for FY12-13 is estimated to be \$341 [(15 x \$24) – (15 x \$1.25)]
- The recurring decrease in state revenue beginning in FY13-14 is estimated to be \$360 (15 x \$24).
- The recurring decrease in local revenue beginning in FY12-13 is estimated to be \$405 (15 x \$27).

- Because state and local governmental entities will be paying a reduced registration fee, state and local expenditures will decrease by amounts that offset with the estimated decreases in revenue. However, DOR cannot discern how many of the estimated 15 vehicles are state-owned or how many are owned by local government entities. As a result, the decrease in state expenditures, and the decrease in local expenditures cannot be determined. The combined decrease in expenditures for state and local governments will be approximately \$700 in FY12-13 and approximately \$800 in FY13-14 and subsequent years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read 'Lucian D. Geise', written in a cursive style.

Lucian D. Geise, Executive Director

/rnc